



QUARTERLY STATEMENT

AS OF MARCH 31, 2008
OF THE CONDITION AND AFFAIRS OF THE

Priority Health Government Programs, Inc.

NAIC Group Code	3383	3383	NAIC Company Code	11520	Employer's ID Number	32-0016523
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Hospital, Medical & Dental Service or Indemnity []	
	Dental Service Corporation []		Vision Service Corporation []		Health Maintenance Organization [X]	
	Other []		Is HMO, Federally Qualified? Yes [] No [X]			
Incorporated/Organized	06/03/2002		Commenced Business		10/01/2002	
Statutory Home Office	1231 East Beltline NE			Grand Rapids, MI 49525-4501		
	(Street and Number)			(City, State and Zip Code)		
Main Administrative Office	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-942-0954	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-464-8926	
	(Street and Number)		(City, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Website Address	www.priority-health.com					
Statutory Statement Contact	Kristy L Shoemaker			616-464-8926		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	kristy.shoemaker@priority-health.com			616-942-7916		
	(E-Mail Address)			(Fax Number)		

OFFICERS

Name	Title	Name	Title
Kimberly K Horn	President / Chief Executive Officer	Gregory A Hawkins	Treasurer / Chief Financial Officer
Judith W Hooyenga	Secretary		

OTHER OFFICERS

James F Byrne	Vice President		
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DIRECTORS OR TRUSTEES

James F Byrne	Neill P Gage	Gregory A Hawkins	Amy Hedges
Kimberly K Horn	James S Slubowski		

State of Michigan
County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn President / Chief Executive Officer	Gregory A Hawkins Treasurer / Chief Financial Officer	Judith W Hooyenga Secretary
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Subscribed and sworn to before me this
day of May, 2008

Mary Bierlein, Document Coordinator
11/18/2012

- a. Is this an original filing? Yes [X] No []
- b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	1,044,648	0	1,044,648	1,041,125
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$10,311,928), cash equivalents (\$1,002,280) and short-term investments (\$17,701,458)	29,015,666		29,015,666	21,499,265
6. Contract loans, (including \$ premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivables for securities	0	0	0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	30,060,314	0	30,060,314	22,540,390
11. Title plants less \$ charged off (for Title insurers only)			0	0
12. Investment income due and accrued	164,069	0	164,069	102,499
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	230,326	0	230,326	892,450
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	0		0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit	0		0	0
18. Electronic data processing equipment and software	0		0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	93,186	0	93,186	103,088
22. Health care (\$996,814) and other amounts receivable	1,017,076	20,262	996,814	1,078,651
23. Aggregate write-ins for other than invested assets	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	31,564,971	20,262	31,544,709	24,717,078
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	31,564,971	20,262	31,544,709	24,717,078
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)	13,161,159	0	13,161,159	11,175,079
2. Accrued medical incentive pool and bonus amounts	1,119,819	0	1,119,819	798,473
3. Unpaid claims adjustment expenses	146,445	0	146,445	145,966
4. Aggregate health policy reserves	0	0	0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	371,641		371,641	573,947
9. General expenses due or accrued	36,087		36,087	303,506
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	1,432,018		1,432,018	274,654
16. Payable for securities	2,403,776		2,403,776	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	18,670,945	0	18,670,945	13,271,625
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	10,000	10,000
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	11,750,000	11,750,000
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	1,000,000	1,000,000
29. Unassigned funds (surplus)	XXX	XXX	113,764	(1,314,547)
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24) \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25) \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	12,873,764	11,445,453
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	31,544,709	24,717,078
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801. Appropriated Retained Earnings	XXX	XXX	1,000,000	1,000,000
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	1,000,000	1,000,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	153,763	149,451	603,296
2. Net premium income (including \$0 non-health premium income).....	XXX	33,526,407	27,820,918	119,653,567
3. Change in unearned premium reserves and reserve for rate credits	XXX		.0	.0
4. Fee-for-service (net of \$ medical expenses)	XXX		.0	.0
5. Risk revenue	XXX		.0	.0
6. Aggregate write-ins for other health care related revenues	XXX	(1,841,908)	(1,668,579)	(7,160,542)
7. Aggregate write-ins for other non-health revenues	XXX	.0	.0	.0
8. Total revenues (Lines 2 to 7)	XXX	31,684,499	26,152,339	112,493,025
Hospital and Medical:				
9. Hospital/medical benefits		20,803,857	19,109,682	76,733,686
10. Other professional services		14,846	11,028	43,639
11. Outside referrals		772,990	780,222	3,417,968
12. Emergency room and out-of-area		1,505,458	1,934,783	5,883,520
13. Prescription drugs		4,858,336	4,309,039	16,586,745
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		321,347	192,688	885,181
16. Subtotal (Lines 9 to 15) .....	.0	28,276,834	26,337,442	103,550,739
Less:				
17. Net reinsurance recoveries .....		.0	.0	.0
18. Total hospital and medical (Lines 16 minus 17) .....	.0	28,276,834	26,337,442	103,550,739
19. Non-health claims (net).....			.0	.0
20. Claims adjustment expenses, including \$ 33,495 cost containment expenses.....		334,947	292,695	1,182,107
21. General administrative expenses.....		1,898,031	1,658,607	6,698,606
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....		.0	.0	.0
23. Total underwriting deductions (Lines 18 through 22) .....	.0	30,509,812	28,288,744	111,431,452
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	1,174,687	(2,136,405)	1,061,573
25. Net investment income earned		225,613	260,234	1,021,406
26. Net realized capital gains (losses) less capital gains tax of \$.....			.0	.0
27. Net investment gains (losses) (Lines 25 plus 26) .....	.0	225,613	260,234	1,021,406
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$ ..... ) .....			.0	.0
29. Aggregate write-ins for other income or expenses .....	.0	.0	.0	.0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	1,400,300	(1,876,171)	2,082,979
31. Federal and foreign income taxes incurred	XXX		.0	.0
32. Net income (loss) (Lines 30 minus 31)	XXX	1,400,300	(1,876,171)	2,082,979
DETAILS OF WRITE-INS				
0601. QAAP Assessment.....	XXX	(1,841,908)	(1,668,579)	(7,160,542)
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	(1,841,908)	(1,668,579)	(7,160,542)
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	.0	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901. ....	.0	.0	.0	.0
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.0	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	11,445,453	9,410,747	9,410,747
34. Net income or (loss) from Line 32	1,400,300	(1,876,171)	2,082,979
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$0		0	0
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax		0	0
39. Change in nonadmitted assets	28,011	0	(48,273)
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital		0	0
46. Dividends to stockholders		0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital & surplus (Lines 34 to 47)	1,428,311	(1,876,171)	2,034,706
49. Capital and surplus end of reporting period (Line 33 plus 48)	12,873,764	7,534,576	11,445,453
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	33,986,225	119,178,972
2. Net investment income	160,520	1,007,917
3. Miscellaneous income	(1,927,483)	(7,047,065)
4. Total (Lines 1 to 3)	32,219,262	113,139,824
5. Benefits and loss related payments	25,773,985	99,145,483
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	2,499,918	7,869,927
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	28,273,903	107,015,410
11. Net cash from operations (Line 4 minus Line 10)	3,945,359	6,124,414
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	68,042
12.7 Miscellaneous proceeds	2,403,776	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,403,776	68,042
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	1,035,563
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	68,042
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	1,103,605
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	2,403,776	(1,035,563)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	1,167,266	(414,590)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	1,167,266	(414,590)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	7,516,401	4,674,261
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	21,499,265	16,825,004
19.2 End of period (Line 18 plus Line 19.1)	29,015,666	21,499,265

STATEMENT AS OF MARCH 31, 2008 OF THE Priority Health Government Programs, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION										
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	50,775	1,109	.0	.0	.0	.0	.0	.0	49,666	.0
2 First Quarter	51,748	1,208							50,540	
3 Second Quarter .....	.0									
4. Third Quarter .....	.0									
5. Current Year .....	.0									
6 Current Year Member Months	153,763	3,481							150,282	
Total Member Ambulatory Encounters for Period:										
7. Physician	125,305	1,517							123,788	
8. Non-Physician	8,734	106							8,628	
9. Total	134,039	1,623	.0	.0	.0	.0	.0	.0	132,416	.0
10. Hospital Patient Days Incurred	4,189	9							4,180	
11. Number of Inpatient Admissions	1,064	4							1,060	
12. Health Premiums Written	33,571,016	283,193							33,287,823	
13. Life Premiums Direct.....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned	33,526,407	282,754							33,243,653	
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services	25,909,297	170,413							25,738,884	
18. Amount Incurred for Provision of Health Care Services	28,276,834	193,206							28,083,628	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$0

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UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	122,154	48,258	16,663	142,596	138,817	136,465
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid	9,795,102	17,257,150	1,360,368	11,641,532	11,155,470	11,038,614
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	9,917,256	17,305,408	1,377,031	11,784,128	11,294,287	11,175,079
10. Healthcare receivables (a)	380,670	932,697	22,335	320,559	403,005	403,005
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts			873,639	246,180	873,639	798,473
13. Totals	9,536,586	16,372,711	2,228,335	11,709,749	11,764,921	11,570,547

(a) Excludes \$0 loans and advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

No material changes from year end disclosures.

2. Accounting Changes and Correction of Errors

No material changes from year end disclosures.

3. Business Combinations and Goodwill

No material changes from year end disclosures.

4. Discontinued Operations

No material changes from year end disclosures.

5. Investments

No material changes from year end disclosures.

6. Joint Ventures, Partnerships and Limited Liability Companies

No material changes from year end disclosures.

7. Investment Income

No material changes from year end disclosures.

8. Derivative Instruments

No material changes from year end disclosures.

9. Income Taxes

No material changes from year end disclosures.

10. Information Concerning Parent, Subsidiaries, and Affiliates

No material changes from year end disclosures.

11. Debt

No material changes from year end disclosures.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No material changes from year end disclosures.

13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations

No material changes from year end disclosures.

14. Contingencies

No material changes from year end disclosures.

15. Leases

No material changes from year end disclosures.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No material changes from year end disclosures.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

No material changes from year end disclosures.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

No material changes from year end disclosures.

NOTES TO FINANCIAL STATEMENTS

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

20. September 11 Events

No material changes from year end disclosures.

21. Other Items

No material changes from year end disclosures.

22. Events Subsequent

No material changes from year end disclosures.

23. Reinsurance

No material changes from year end disclosures.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from year end disclosures.

25. Change in Incurred Claims and Claim Adjustment Expenses

No material changes from year end disclosures.

26. Intercompany Pooling Arrangements

No material changes from year end disclosures.

27. Structured Settlements

No material changes from year end disclosures.

28. Health Care Receivables

No material changes from year end disclosures.

29. Participating Policies

No material changes from year end disclosures.

30. Premium Deficiency Reserves

No material changes from year end disclosures.

31. Anticipated Salvage and Subrogation

No material changes from year end disclosures.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

If yes, attach an explanation.

Yes ☐ No ☒ NA ☐
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2006
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2003
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/04/2005
- 6.4

By what department or departments?
OFIS.....
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ NA ☒
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?.....

Yes ☐ No ☒ NA ☐
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?.....

Yes ☐ No ☒
- 7.2

If yes, give full information:
.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [] No [X]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Mellon Trust.....	Pittsburgh, PA.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Michigan Department of Treasury	Lansing, Michigan.....	Statutory Deposit - Held by the State of Michigan.....

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter?

Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
n/a.....	Prime Advisors.....	Bloomfield, CT.....

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [X] No []

17.2 If no, list exceptions:

.....

STATEMENT AS OF MARCH 31, 2008 OF THE Priority Health Government Programs, Inc.

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

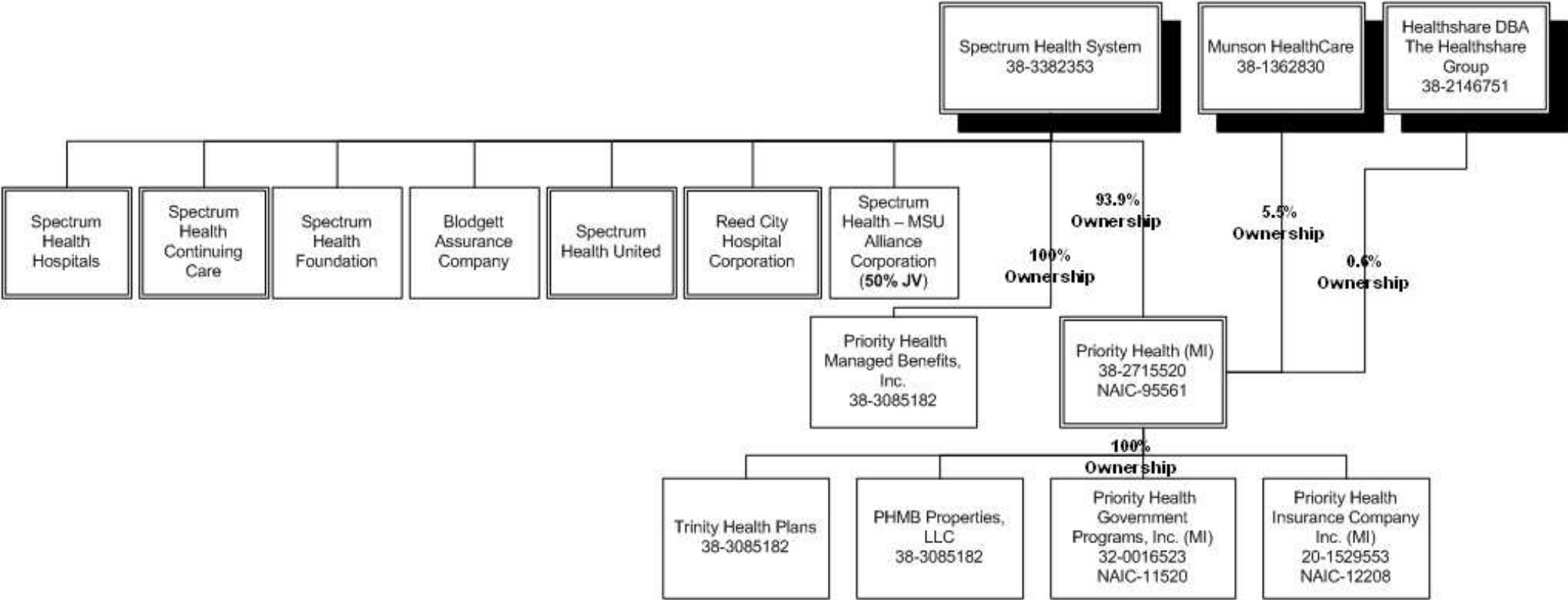
[illegible]

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories										
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	N						.0	
2.	Alaska	AK	N						.0	
3.	Arizona	AZ	N						.0	
4.	Arkansas	AR	N						.0	
5.	California	CA	N						.0	
6.	Colorado	CO	N						.0	
7.	Connecticut	CT	N						.0	
8.	Delaware	DE	N						.0	
9.	District of Columbia	DC	N						.0	
10.	Florida	FL	N						.0	
11.	Georgia	GA	N						.0	
12.	Hawaii	HI	N						.0	
13.	Idaho	ID	N						.0	
14.	Illinois	IL	N						.0	
15.	Indiana	IN	N						.0	
16.	Iowa	IA	N						.0	
17.	Kansas	KS	N						.0	
18.	Kentucky	KY	N						.0	
19.	Louisiana	LA	N						.0	
20.	Maine	ME	N						.0	
21.	Maryland	MD	N						.0	
22.	Massachusetts	MA	N						.0	
23.	Michigan	MI	L	283,193	33,287,823				33,571,016	
24.	Minnesota	MN	N						.0	
25.	Mississippi	MS	N						.0	
26.	Missouri	MO	N						.0	
27.	Montana	MT	N						.0	
28.	Nebraska	NE	N						.0	
29.	Nevada	NV	N						.0	
30.	New Hampshire	NH	N						.0	
31.	New Jersey	NJ	N						.0	
32.	New Mexico	NM	N						.0	
33.	New York	NY	N						.0	
34.	North Carolina	NC	N						.0	
35.	North Dakota	ND	N						.0	
36.	Ohio	OH	N						.0	
37.	Oklahoma	OK	N						.0	
38.	Oregon	OR	N						.0	
39.	Pennsylvania	PA	N						.0	
40.	Rhode Island	RI	N						.0	
41.	South Carolina	SC	N						.0	
42.	South Dakota	SD	N						.0	
43.	Tennessee	TN	N						.0	
44.	Texas	TX	N						.0	
45.	Utah	UT	N						.0	
46.	Vermont	VT	N						.0	
47.	Virginia	VA	N						.0	
48.	Washington	WA	N						.0	
49.	West Virginia	WV	N						.0	
50.	Wisconsin	WI	N						.0	
51.	Wyoming	WY	N						.0	
52.	American Samoa	AS	N						.0	
53.	Guam	GU	N						.0	
54.	Puerto Rico	PR	N						.0	
55.	U.S. Virgin Islands	VI	N						.0	
56.	Northern Mariana Islands	MP	N						.0	
57.	Canada	CN	N						.0	
58.	Aggregate Other Alien	OT	XXX	.0	.0	.0	.0	.0	.0	.0
59.	Subtotal	XXX	283,193	.0	33,287,823	.0	.0	.0	33,571,016	.0
60.	Reporting entity contributions for Employee Benefit Plans	XXX							.0	
61.	Total (Direct Business)	(a) 1	283,193	0	33,287,823	0	0	0	33,571,016	0
DETAILS OF WRITE-INS										
5801.	.....	XXX								
5802.	.....	XXX								
5803.	.....	XXX								
5898.	Summary of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5899.	Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Statement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.

Bar Code:

1.



OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amount		0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest at December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		0
2.2 Additional investment made after acquisitions		0
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted accounts		0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE BA – VERIFICATION

Other Long Term Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		0
2.2 Additional investment made after acquisitions		0
3. Capitalized deferred interest and other		
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts		0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	1,041,125	0
2. Cost of bonds and stocks acquired		1,035,563
3. Accrual of discount	3,523	5,562
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration for bonds and stocks disposed of		0
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	1,044,648	1,041,125
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	1,044,648	1,041,125

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	9,304,250	21,058,988	10,619,621	4,769	19,748,385	0	0	9,304,250
2. Class 2 (a).....	0	0	0	0	0	0	0	0
3. Class 3 (a).....	0	0	0	0	0	0	0	0
4. Class 4 (a).....	0	0	0	0	0	0	0	0
5. Class 5 (a).....	0	0	0	0	0	0	0	0
6. Class 6 (a).....	0	0	0	0	0	0	0	0
7. Total Bonds	9,304,250	21,058,988	10,619,621	4,769	19,748,385	0	0	9,304,250
PREFERRED STOCK								
8. Class 1	0	0	0	0	0	0	0	0
9. Class 2	0	0	0	0	0	0	0	0
10. Class 3	0	0	0	0	0	0	0	0
11. Class 4	0	0	0	0	0	0	0	0
12. Class 5	0	0	0	0	0	0	0	0
13. Class 6	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	9,304,250	21,058,988	10,619,621	4,769	19,748,385	0	0	9,304,250

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0 ; NAIC 2 \$.....0 ; NAIC 3 \$.....0 ; NAIC 4 \$.....0 ; NAIC 5 \$.....0 ; NAIC 6 \$.....0

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	17,701,458	XXX	17,697,023	113,666	70,463

SCHEDULE DA - VERIFICATION

Short-Term Investments		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	8,263,125	8,861,901
2. Cost of short-term investments acquired	20,056,708	17,465,398
3. Accrual of discount.....	8,242	
4. Unrealized valuation increase (decrease).....		68,042
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals.....	10,619,621	18,132,216
7. Deduct amortization of premium.....	6,996	
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	17,701,458	8,263,125
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	17,701,458	8,263,125

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

SCHEDULE E-VERIFICATION
(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	0
2. Cost of cash equivalents.....	1,002,280	
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....		
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	1,002,280	0
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11)	1,002,280	0

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

E09

Show Investments Owned End of Current Quarter

[illegible]